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FOR IMMEDIATE RELEASE: Tuesday, July 9, 2013

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State Division Of Insurance Levies Largest Monetary Penalty In History

PIERRE, S.D. – After a three year examination of Ability Insurance Company, the South Dakota Division of Insurance (DOI) has reached a settlement that will assess Ability a monetary penalty of \$325,000 to the State of South Dakota.

The monetary penalty is the largest for a South Dakota initiated market conduct examination in state history.

Finalizing agreement on this penalty involved a lengthy negotiation period due to the nature of the violations, ownership changes within the company and the amount of the penalty.

The DOI examination found numerous violations of South Dakota statutes and regulations by Ability. Pursuant to SDCL 58-3-14, the examination report must remain confidential for 30 days, but the director will open the report for public inspection on Aug. 8 and will post it on the DOI website.

The examination report makes findings and lists steps that must be taken, or that have already been taken, to prevent further violations from occurring. Ability also made several procedural changes prior to the examination's conclusion and implemented new claims handling practices.

While the official examination process is confidential under statute during the examination period, claims which had been denied by Ability have already been reprocessed.

"The culmination of this market conduct exam is good for the consumers of South Dakota," said DOI Director Merle Scheiber. "Claims were paid and readjudicated during the examination process and the company has instituted substantive changes that will be monitored going forward. Although this process was confidential during the examination, the Division of Insurance has been continually protecting South Dakota consumers throughout this period. This agreement should remind all long- term care companies that we expect them to play by the rules."